

March 10, 2005

Mr. Harry Stoller
Illinois Commerce Commission
via email: hstoller@icc.state.il.us

Dear Mr. Stoller:

Enclosed please find the initial comments of the City of Chicago concerning the Governor's proposal for a Sustainable Energy Plan for Illinois. The City will be an active participant in this process, and looks forward to working with all parties to implement the Governor's vision.

If you should have any questions concerning this issue, please do not hesitate to call me at 312-744-4106.

Sincerely,

Steven Walter
Deputy Commissioner, Energy
Department of General Services
City of Chicago

Question 1: Renewable Energy Procurement Standard.

The City recommends, first of all, that this standard be measured on an energy basis, not a capacity basis. Therefore, 2% of State's MWhrs, not 2% of peak MWs should be the yardstick.

The escalation rate seems to be fine, but with the understanding that there will be a certain amount of "stickiness." Generating facilities cannot be built smoothly to serve new load, so utilities and ARES should have some leeway in purchasing if there are not enough resources in given years.

Utilities and ARES should be able to meet the standard by purchasing RECs.

There is some concern as to mandating types of resources to be used. Wind is certainly the most cost effective after landfill gas, and if that continues, the market will do a better job of making the case for wind. But we do not know what will be the most cost effective resource in 2012, so should not arbitrarily mandate 75% from one resource.

Question 2: Eligible Renewable Energy Resources.

The City is concerned about defining renewable resources at this time. Again, we can probably all agree as to the universe of allowable resources today, but do not know what new technology will be available in 2012. Instead of putting this limit, the City recommends leaving it to the Commission to decide in each case whether the resources procured are, in fact, renewable.

The City is agreeable to the second set of limitations on geography.

Question 3: Competitive Procurement.

The City agrees with the Governor's proposal to allow for long-term procurement contracts. This will help new resource projects to gain project financing necessary to build. If the State decides to use some form of "New Jersey Auction," there will need to be a carve out for renewable resources to be bid on a longer term basis.

Question 4: Interstate Renewable Energy Trading.

The City has no comment in this section.

Question 5: Penalties for Noncompliance.

The City has no comment in this section.

Question 6: Energy Efficiency Procurement Requirement.

The City agrees that the primary focus of this conservation effort should be on consumption, not demand. Those programs with the greatest overall energy decrease per dollar should be funded. With the increases in electric bills that will come from increased use of renewables, this emphasis on decreased energy use will level the field somewhat.

In order to implement this plan in the time contemplated, it would be helpful to see what the actual projected load growth for utilities and ARES is at this time. This way all parties can see what number of MWhrs of conservation is contemplated, and can begin to build programs accordingly.

Question 7: Competitive Procurement.

The City recommends amending this section. Efficiency service providers should not be the only entities that can bid into this market. Large energy users, and even aggregators of smaller energy providers such as the Community Energy Cooperative, should also be allowed to bid for energy conservation. The energy users would then be responsible for implementing the chosen energy efficiency programs and attaining the results they promised.